

# SENATE BILL REPORT

## SB 5285

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As of February 6, 2013

**Title:** An act relating to increasing excise tax revenue with liquor license renewals.

**Brief Description:** Increasing excise tax revenue with liquor license renewals.

**Sponsors:** Senators Hill, Hargrove and Shin; by request of Department of Revenue.

**Brief History:**

**Committee Activity:** Ways & Means: 2/04/13.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dean Carlson (786-7305)

**Background:** Under current law, the Department of Revenue (DOR) may request that the Liquor Control Board (LCB) suspend a spirits license and refuse to renew such license if the taxpayer is more than 30 days delinquent in reporting or remitting spirits taxes. Before making the request to LCB, DOR must provide the taxpayer at least seven days' written notice. The notice must include information listing any unfiled tax returns, the amount of unpaid spirits taxes, who to contact about payment, and that the taxpayer may seek administrative review by DOR. DOR may not make a request to LCB for a license suspension that is subject to pending administrative review.

Upon written notification by DOR, LCB must suspend all spirits licenses held by a person that is more than 30 days delinquent in reporting or remitting spirits taxes to DOR. LCB must also refuse to renew or issue any new spirits licenses to the person or any other applicant controlled directly or indirectly by that person. LCB may not reinstate a person's spirits license until such time as DOR notifies LCB that the person is current in reporting and remitting spirits taxes. All spirits licenses are subject to the condition that the spirits license holder must report and remit all spirits taxes by the due date to DOR.

**Summary of Bill:** DOR's existing authority, which only applies to the collection of delinquent spirits taxes, is expanded to any excise taxes.

DOR may request LCB to take any or all of the following actions if a taxpayer is more than 30 days delinquent in paying any excise taxes:

- suspend the taxpayer's liquor license;

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- refuse to renew the taxpayer's existing liquor license; or
- refuse to issue a new liquor license to the taxpayer.

Liquor is defined to mean beer, wine, or spirits.

A taxpayer wishing to appeal a tax assessment to the Board of Tax Appeals must first pay in full the amount of taxes assessed by DOR.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2013

**Staff Summary of Public Testimony:** PRO: Last year similar authority was granted to DOR for spirits licenses on delinquent spirits taxes. It provides for an appeal process within the agency. This is a new authority to help expedite tax collections. We have a high level of churn in these types of businesses.

OTHER: There are about 13,000 businesses in our industry in the state, and about 4000 liquor licensees. Last year's bill did not effect bars and restaurants, only retailers and wholesalers, but this year's bill does. We would like to align this with normal due process elements of when a business would have their business license revoked. There is a lack of nexus between all taxes and a liquor license. We have concerns about the timelines and the due process.

**Persons Testifying:** PRO: Drew Shirk, DOR.

OTHER: Bruce Beckett, WA Restaurant Assn.; Amy Brackenbury, WA Food Industry Assn.